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FJTA-

6 JUL 1956

Chief, PE

Acting Chief, () Station, C.D.

Psychological/Operational

POCAM/ () . Policy with respect to Japanese Atomic Energy Program

HEADQUARTERS ACTION REQUIRED: Policy Guidance on Issues Involving Japanese Atomic Energy Program

1. Headquarters has been advised (see FJ-90), () maintains that POCAM is engaged in a scheme designed to foil Socialist and other opposition to a Power Agreement tie-up with the United States.

2. At a recent meeting, () advised () that Mr. Fox (head of the Brookhaven group which came to survey the possibilities of setting up an Asian Nuclear Center) told POCAM that Japan will have to wait for at least five years before it can get U. S. reactors. This reservation apparently came as a considerable shock to POCAM and prompted his overtures for the procurement of a reactor from the British.

3. () is confident that private industry in the U. S. will force the United States Government and the Atomic Energy Commission to relent in their opposition to an early sale of reactors to free nations. () has asked the Yomiuri correspondent in New York to prepare a careful canvass of U. S. press reaction to the restrictive policies of the U. S. Government. In this connection, he showed () an editorial on page 25 of the International edition of Life, dated June 25, 1956, quoting a U. S. editor named McKinney, of the Santa Fe New Mexican, who in effect states that the U. S. has not let the rest of the world share its latest and most improved reactor techniques.

4. POCAM's policy, as expressed to () by () is to wait for an official U. S. reaction to latest developments in the atomic energy field in Japan. He is confident that the U. S. will also be prepared to waive the secrecy clause in the power agreement to be concluded with Japan.

5. () has repeatedly told () that he was not too well informed on U. S. policies in the atomic energy field but that he would be happy to pass on to his headquarters any specific queries on that subject.

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EXEMPTIONS Section 3(b)

(2)(A) Privacy

(2)(B) Methods/Sources

(2)(G) Foreign Relations

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6. As to the present status of the atomic energy program in Japan:

(a) () believes that Japan will by the end of 1956 have in its possession its first experimental reactor, a boiling water type of American manufacture, and will also have placed an order for a second American reactor of the CP 5 type. It has not been decided with which U. S. manufacturer of the CP 5 (there are three or four) the order will be placed.

(b) In addition, the Kansai Electric Power Company desires to buy a 10,000 kilowatt power (demonstration) reactor from the United States, a type that feeds on low enriched Uranium. The granting of a license is under government advisement but it is believed the decision will be affirmative.

(c) Purchase of a British reactor is pending decision as to whether it is ~~economically competitive~~, that is, would it provide power more cheaply than the orthodox power system. Sir Christopher Hinton's opinion is that it would be much cheaper and delivery could be expected after four or five years. Five Japanese representatives (three Government and two from the Industrial Forum) will be sent to the UK to study the matter.

7. The present situation and need for guidance re IOMA () give rise to several questions on which () station requests the opinion of Headquarters:

(a) Is there a customer demand for this type of information?

Check with COACIE indicates that they are able to obtain from overt or official channels practically all the information the U. S. Government requires. Such information is not considered "covert" and normally need not be reported by us. While Japan station concurs in general with this view, we feel that there might be at times unpublicized aspects of Japanese intentions or plans which would be targets for clandestine collection. However, the potential "take" of covert information does not seem sufficient to justify mounting operations specifically aimed at such collection.

(b) What is the official U. S. position regarding the Japanese nuclear program? Are we vitally interested in furthering their program? Does it matter whether they purchase American or British reactors?

Both Sir Christopher Hinton and Dr. Fox indicate that inevitably there will be brisk competition between American and British commercial interests in selling reactors to the Japanese. The COM guidance for action in Japan includes a statement calling for U. S. cooperation and aid in promoting economic and technical assistance programs of our free world allies. Should we interpret this to mean helping the British push their reactor program in Japan?

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(c) Presuming that the conclusion of a Power Agreement with Japan is prerequisite to the delivery of U. S. reactors, what is the U. S. position on waiving the secrecy clause?

Since such agreements are a matter of law, we assume that nothing can be done. We understand that the British would also include a secrecy clause similar to ours in any agreement they made, although they have not so advised the Japanese. Is this correct?

(d) What is Headquarters' opinion on the possibility of telling POMAN that the U. S. does not care one way or the other as to his choice of reactors?

(e) What is Headquarters' estimate of the danger of the USSR moving in with a more generous offer and what would be our reaction should this come to pass?

8. In view of relationships with POMAN, () and the fact that the present time appears appropriate for arriving at a fundamental understanding, () Station requests guidance as soon as possible.

Operations Division

5 July 1956

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